



# NEWS RELEASE

Internal Revenue Service - Criminal Investigation  
Los Angeles Field Office  
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## **Former Laguna Hills Return Preparer Sentenced to 57 Months Imprisonment for Creating Fraudulent Tax Shelters**

*Santa Ana* – A former Laguna Hills income tax return preparer was sentenced this afternoon by United States District Court Judge David O. Carter to 57 months imprisonment for selling fraudulent tax shelters to numerous clients through his tax preparation company, Accounting Services, Inc. (“ASI”)

Randall Craig Hutchens, 62--former Chief Executive Officer and President of ASI--who pleaded guilty in May to three counts of aiding and assisting in the preparation of false tax returns, was further ordered to pay restitution of \$1.4 million to the Internal Revenue Service.

According to the plea agreement filed in the case, from approximately May 2010 until October 2013, Hutchens sold fraudulent tax shelters to numerous clients through his tax preparation company, ASI. Hutchens promoted these tax shelters to his clients as legal ways to reduce their prospective tax liabilities. The tax shelters required clients to purchase an equity interest in a limited liability corporation (“LLC”) on condition that the LLC could, within a short period of time (typically, two years) repurchase that interest for substantially less than the price paid for it (typically, \$1). However, none of the LLCs were legitimate.

For customers who bought the shelters, Hutchens would then prepare their tax returns, including in them false losses related to the tax shelter LLCs, which reduced the federal taxes that those clients would otherwise have owed to the government. During the course of this scheme, Hutchens prepared and filed with

the IRS at least 125 false federal income tax returns that resulted in tax losses to the United States of at least \$1,622,512.

The three counts to which Hutchens pleaded guilty to relate to fraudulent 2011 federal income tax returns filed on behalf of clients which included either a false Schedule E (Income or Loss from Partnerships and S Corporations), a false loss on Form 4797 (Sale of Business Property), or a false Schedule C (Profit or Loss from Business). The inclusion of these loss amounts resulted in the understatement of the client's taxable income, and thus the reported federal income taxes due to the IRS.

In sentencing Hutchens today, the court was further asked to consider Hutchens' conduct during the criminal investigation. According to a sentencing memorandum filed by the government, a few months after a federal search warrant was executed at ASI, Hutchens made a series of structured transactions involving at least six different bank accounts in what appeared to be an effort to hide proceeds totaling \$279,280 from the sale of his Laguna Hills residence. Over a two week period of time, Hutchens made 44 cash withdrawals, keeping the amounts under the \$10,000 bank reporting requirement.

Hutchens' sentence was further enhanced by prior convictions for fraud-related offenses dating back thirty years, including grand theft (1986), federal securities fraud (1994), false claims to a federal agency (1997), and forgery (1999).

The investigation and prosecution of Hutchens was conducted by IRS Criminal Investigation's Los Angeles Field Office, in conjunction with the United States Attorney's Office for the Central District of California.

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